

**WATER/FLC/PTL/jlj**

**PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

**WATER DIVISION**

**RESOLUTION W-4637**

**April 12, 2007**

**R E S O L U T I O N**

**(RES. W-4637), SAN JOSE WATER COMPANY, (San Jose). ORDER  
AUTHORIZING RATE BASE OFFSET REVENUE INCREASE OF  
\$1,567,646 OR 0.88%.**

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**SUMMARY**

By Advice Letter No. 376 filed February 1, 2007, San Jose seeks to increase rates by \$1,567,646 or 0.88% to recover the amount resulting from an increase in rate base. The increase will not result in a rate of return greater than last authorized for San Jose.

**BACKGROUND**

San Jose is a Class A water utility currently providing water service to approximately 215,243 customers in portions of Cupertino, San Jose, and Santa Clara, and in Campbell, Los Gatos, Monte Sereno, and Saratoga and in contiguous territory in the County of Santa Clara.

San Jose requests authority under Section VI of General Order No. 96-A and Section 454 of the Public Utilities Code to increase rates to offset the cost associated with capital improvements put into service in 2006. The Commission's Decision No. (D.) 06-11-015 authorized San Jose to file advice letters to recover in rates certain capital projects that the Commission determined to be prudent, necessary and in the public interest. As of December 31, 2006, San Jose has completed two such projects: 1) replacement of the 30-inch main at Lexington Reservoir; and 2) the purchase of excavation equipment. Additionally, San Jose has completed a major portion of the retirement of the main at Lexington Reservoir. This translates into an annual increase in revenue requirement for all projects of \$1,567,646 or 0.88%.

San Jose's present rates became effective on January 1, 2007, pursuant to D.06-11-015 that authorized a rate increase producing an increase in annual revenue of \$14,646,000 or 8.54% in 2007.

### **NOTICE AND PROTESTS**

In compliance with Section III-G of General Order 96-A, a copy of this advice letter has been mailed to all interested and affected parties. No protests were received by the Water Division.

### **DISCUSSION**

Pursuant to D.06-11-015, these projects were found to be prudent, necessary, and in the public interest. San Jose completed these projects in 2006. The revenue requirement for these projects is \$1,567,646 or 0.88% increase.

Service by San Jose is satisfactory. There are no Commission orders requiring neither system improvements nor are there any service problems requiring corrective actions. The utility has been filing annual reports as required.

San Jose's current rate structure consists of Schedules Nos. 1, General Metered Service; 1B, General Metered Service with Automatic Fire Sprinkler System; and RW, Raw Water Service. The bill for an average residential customer using 15 Ccf per month with a 3/4-inch meter will increase by \$0.57 or 0.95% per month. (One Ccf is equal to one hundred cubic feet).

### **COMMENTS**

This is an uncontested matter in which the resolution grants the relief requested. Accordingly, pursuant to PU Code 311(g) (2), the otherwise applicable 30-day period for public review and comment is being waived.

### **FINDINGS**

1. Pursuant to Decision 06-11-015, these projects were found to be prudent, necessary, and in the public interest.
2. San Jose Water Company has completed rate base additions for 2006.

3. The Commission finds, after investigation by the Division, that the rate increase hereby authorized is justified, and the resulting rate increase is just and reasonable.
4. This is an uncontested matter subject to the public notice comment exclusion provided in PU Code Section 311 (g) (2).

**THEREFORE IT IS ORDERED THAT:**

1. The San Jose Water Company is authorized five days after the effective date herein, to make effective the revised rate Schedules Nos. 1, General Metered Service; 1B, General Metered Service with Automatic Fire Sprinkler System; and RW, Raw Water Service attached to Advice Letter No. 376, and to concurrently cancel the presently effective rate schedule.
2. This resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on April 12, 2007; the following Commissioners voting favorably thereon:

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STEVE LARSON  
Executive Director

MICHAEL R. PEEVEY  
President  
DIAN M. GRUENEICH  
JOHN A. BOHN  
RACHELLE B. CHONG  
TIMOTHY ALAN SIMON  
Commissioners